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No. 99-1571

IN THE

Supreme Court of the United States

TRAFFIX DEVICES, INCORPORATED,
Petitioner,

v.

MARKETING DISPLAYS, INCORPORATED,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

REPLY BRIEF FOR PETITIONER

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1. The opposition calls to mind the fable about the Emperor who had no clothes.[1] The circuit conflict on the question presented is about as plain as the Emperor's state of undress. The Sixth Circuit expressly recognized the conflict below, Pet. App. at 18a; the Federal Circuit has recently done so, *Midwest Indus., Inc.*, v. *Karavan Trailers, Inc.*, 175 F.3d 1356, 1364 (Fed. Cir.), *cert. denied*, 120 S. Ct. 527 (1999); and numerous commentators have recognized and called for resolution of this conflict, too, *see* Pet. at 18 n.9. They are not all making it up. Like the townspeople in the fable, respondent pretends not to see the conflict. But there is no reason for this Court to join in the charade.

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[1] The story is reprinted in *United States* v. *Harrington*, 947 F.2d 956, 963-964 (D.C. Cir. 1991) (Edwards, J., concurring) (quoting Hans Christian Andersen, *The Emperor's New Clothes*).

2. We detailed the entrenched nature of this conflict in the petition (pp. 9-18). Respondent ignores most of this discussion and, instead, focuses on the Tenth Circuit decision in *Vornado Air Circulation Systems, Inc.* v. *Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996), arguing that, "factually," "[t]he *Vornado* case does not create a conflict with the Sixth Circuit's decision," and that, "[l]egally, the *Vornado* case does not create a conflict with the decisions of other Circuits." Opp. at 14, 15. Respondent is wrong on both counts.

a. The conflict between this case and *Vornado* could scarcely be more clear. Under *Vornado*, "where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, * * * patent law prevents its protection as trade dress." 58 F.3d at 1510. That was true of the key spiral vane structure of the product in *Vornado*, *see id.*, and it is true of the key dual-spring structure of the product here.[2] Citing the District Court, respondent argues that the alleged "trade dress is not coextensive with [the] expired patents and therefore not a 'significant inventive aspect of the invention.'" Opp. at 15. The patent history of the WINDMASTER sign stand refutes this argument; it makes clear that the dual-spring design is a significant, if not defining, component of the product. *See* Pet. at 5. So does the very passage of the District Court decision cited by respondent.

[2] Respondent suggests (Opp. at 14) that *Vornado* is also distinguishable in that the products in that case purportedly differed in overall appearance. The district court in *Vornado*, however, specifically "found that consumers were likely to be confused by [the defendant's] use of a similar grill." 58 F.3d at 1502. More fundamentally, as the Tenth Circuit decision in *Vornado* underscores, likelihood of confusion is a trademark concept that is simply irrelevant where, as in *Vornado* and here, the public's right to copy from an expired patent has attached.

As the District Court explained, the fact that respondent successfully enforced its patents in the *Winn-Proof* litigation to "enjoin[] the manufacture of a product configuration virtually identical to that being alleged to constitute trade dress in the instant case," Pet. App. at 49a, removes all doubt that the asserted trade dress is bound up with those (now expired) patents, and that the patented invention is a significant inventive component of the product at issue. In this respect, this case presents the *Vornado* issue in its starkest terms. The trade dress plaintiff has previously invoked the patent laws to bar the sale of the "virtually identical" product made by the defendant; the only question is whether—now that petitioner's patent protection has lapsed—petitioner may achieve that same result via trademark law. *Vornado* squarely answers that question in the negative.

b. Respondent's argument that—"[l]egally"—*Vornado* does not "conflict with the decisions of other Circuits" is baffling. Opp. at 15. Practically everyone—courts, commentators, and practitioners—has acknowledged this conflict. *See* Pet. at 9-18 & n.9. Just recently, moreover, the court in *Holmes Group, Inc.* v. *Vornado Air Circulation Systems, Inc.*, __ F. Supp. 2d __, 2000 WL 432832, at *4 (D. Kan. Mar. 8, 2000), *appeal dismissed*, 2000 WL 436562 (Fed. Cir. Apr. 5, 2000), reiterated that there is a "clear conflict in the substantive law of the circuits" on the question presented. *See also id.* at *3 ("the Federal Circuit [has] expressly rejected the Tenth Circuit's *Vornado I* holding, ruling instead that a claim for trade dress protection was not barred by the fact that a product configuration had been claimed as a significant inventive element of a patent").[3] Few cases, in fact, implicate the sort of express conflict presented here.

[3] The court in *Holmes Group*—following *Vornado*—held that the plaintiff was entitled to a declaration that its products do not infringe any trade dress rights claimed by Vornado, a competitor which unsuccessfully asserted trade dress in the same products in the *Vornado* litigation against

The conflict cannot be dismissed on the notion that *Vornado* is "narrow." Opp. at 15. The Tenth Circuit decision in *Vornado* is framed in broad and generally applicable terms, seeking to resolve—in one circuit at least—the recurring controversy over the interplay between the patent and trademark laws in this important area of law. *See* 58 F.3d at 1510. It has attracted extensive academic commentary. *See* Pet. at 28 n.15; Opp. at 16-17 n.4. And in the lower courts, *Vornado* not only has become a focal point in analyzing the question presented, but has had a touchstone effect on the availability of federal trade dress protection in this context. *See* Pet. at 12-15 & n.8; note 3, *supra*. Indeed, considering the case law and commentary that has followed in its wake, it is no exaggeration to say that *Vornado* has lived up to its name. *See Vornado*, 58 F.3d at 1501 n.6 ("The name 'Vornado' is a combination of the words 'vortex' and 'tornado.'").[4]

Similarly, that some "Courts and commentators have criticized *Vornado*" (Opp. at 16) does not mean that this Court should allow the conflict to persist. To begin with, courts and commentators have commended *Vornado*, too.[5] More-

another company. *See* __ F. Supp. 2d __, 2000 WL 43282, at *1-*2, *5. Among other things, this decision removes any doubt as to the continuing effect of *Vornado* in the Tenth Circuit.

[4] Respondent makes much ado over whether *Vornado* establishes a "per se rule." Opp. at 13-14. To be clear, that description originated with the Sixth Circuit, not the petition. *See* Pet. App. at 19a. In any event, whether the *Vornado* rule precludes federal trade dress protection for the subject of an expired patent in all, virtually all, or just *most* cases, it directly conflicts with the position adopted by other circuits, under which trade dress protection invariably remains available for such a product.

[5] The district courts in the *Thomas & Betts Corp.* and *Midwest Industries* cases embraced and applied the *Vornado* rule in denying federal trade dress protection for the subject of an expired patent, as did the *Holmes Group* court. *See* Pet. at 12, 15; note 3, *supra*. *Zip Dee, Inc.* v. *Dometic Corp.*, 931 F. Supp. 602, 611 (N.D. Ill. 1996), also followed the basic rationale of *Vornado*. While debating aspects of the *Vornado* rule,

over, while *Vornado* currently occupies a minority position in the circuits, it has already had a demonstrable effect on trade dress litigation across the country. *See* note 5, *supra*. At the same time, as we have explained, the *Vornado* rule better accords with this Court's own decisions protecting the public's right to copy from expired patents—meaning that it offers the added virtue of being correct. *See* Pet. at 19-26. All this, too, has enormous practical consequences that counsel against waiting for the conflict to deepen any further. *See* Geremia, *supra*, at 782 (the conflict has "shrouded the right to copy from expired utility patents in considerable uncertainty" and "subject[ed] a patentee's competitors to the threat of unpredictable trade dress litigation").

c. Congress has not resolved the conflict. For the first time in this case, respondent suggests that the question presented was resolved by an amendment to Section 43(a) of the Lanham Act adding the following subsection:

> (3) In a civil action for trade dress infringement under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional. [15 U.S.C. § 1125(a)(3).]

numerous commentators have argued in favor a bright-line rule—analogous to *Vornado*'s—precluding trade dress protection for configurations that are the subject of expired patents. *See, e.g.*, Gwendolyn Gill, *Through the Back Door: Attempts to Use Trade Dress to Protect Expired Patents*, 67 U. Cin. L. Rev. 1269 (1999); Todd R. Geremia, *Protecting the Right to Copy: Trade Dress Claims for Configurations in Expired Utility Patents*, 92 Nw. U. L. Rev. 779 (1998); Kevin E. Mohr, *At the Interface of Patent and Trademark Law: Should a Product Configuration Disclosed in a Utility Patent Ever Qualify for Trade Dress Protection?*, 19 Hastings Comm. & Ent. L.J. 339 (1997); Kerrie A. Laba, *Have Trade Dress Infringement Claims Gone Too Far Under the Lanham Act?*, 42 Wayne L. Rev. 1649 (1996); *cf.* 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 7:89, at 7-227 (4th ed. 1996) (*Vornado*'s "result is correct").

As is plain on its face, this provision merely assigns to plaintiffs the burden of proving functionality in civil trade dress actions, a burden respondent (as plaintiff) bore in this case. *See* Pet. App. at 17a. It does not speak at all to the question presented here, or the conflict underlying it.[6]

As the Tenth Circuit explained in *Vornado*, moreover, "the functionality doctrine does *not* eliminate overlap between the Patent Act and the Lanham Act." 58 F.3d at 1507 (emphasis added). As a result, the courts "must interpret and apply [the two statutes] in a way that preserves the purposes of both and fosters harmony between them." *Id.* *See* Pet. at 10, 12 & n.7. Courts have struggled to do just that, producing conflicting results on the question presented. Neither Section 43 nor the recent amendment to it addresses—let alone resolves—that conflict. That is why guidance is so sorely needed from this Court and, presumably, why neither the Sixth Circuit below nor the court in *Holmes Group*—both of which expressly acknowledged the circuit conflict *after Section 43(a)(3) became law*—felt any need to mention this provision.[7]

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[6] *See Trademark Amendments Act of 1999: Hearing on H.R. 1565 Before the Subcomm. on Courts and Intellectual Property of the House Comm. on the Judiciary*, 106th Cong. 34 (1999) (this amendment "addresses only *one* of a myriad issues surrounding the protection of trade dress, namely, which party to a trade dress infringement action bears the burden of proving functionality") (statement of Michael Kirk, Exec. Dir. of American Intellectual Property Law Association) (emphasis added). Nothing in the legislative history quoted by respondent (Opp. at 7-8) is to the contrary. Respondent argues that it indicates that Congress intended to establish "that the functionality doctrine is determinative and resolves any perceived conflict between the patent and trademark laws." *Id.* at 19; *see id.* at 5, 7. Neither the committee report nor the statute, however, supports this reading or resolves the conflict.

[7] Merely saying that the functionality doctrine applies also does nothing to alleviate the conflict over what weight to assign to the existence of an expired patent in conducting that analysis. The Sixth Circuit below held that courts should conduct "a functional analysis of the trade dress *unencumbered by any presumptions*" stemming from the existence of an expired patent, Pet. App. at 19a (emphasis added); the Seventh Circuit takes the position that "the fact that a feature sought to be trademarked was contained in an expired patent is *some evidence* of functionality," *Thomas & Betts Corp.* v. *Panduit Corp.*, 138 F.2d 277, 289 (7th Cir.) (emphasis added; quotations omitted), *cert. denied*, 119 S. Ct. 336 (1998); while in the Ninth Circuit "the existence of an expired utility patent is *weighty evidence* of functionality." *Disc Golf Ass'n* v. *Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998) (emphasis added). As we have explained (Pet. at 17), this conflict is itself outcome determinative in this case.

In short, the suggestion that Section 43(a)(3) resolves the circuit conflict on the question presented is about as fanciful as the notion that this conflict does not exist in the first place.

3. As we have explained (Pet. at 19-26), the decision below—along with the majority position in the circuits—also conflicts with the nearly 100-year-old line of decisions from this Court establishing and, when necessary, protecting the public's right to copy from expired patents. In response, respondent belittles this—in its words—"so-called 'right to copy,'" Opp. at 5, and attempts to narrow this Court's precedents to the point where the right is reduced to just that. This Court, however, has repeatedly seen fit to review backdoor attempts to defeat the public's right to copy from expired patents, *see* Pet. at 19-26, and it should grant review here to ensure that the federal law of trade dress does not swallow this time-honored right.

This Court has long held that "on the termination of the patent there passes to the public the right to make the [product] in the *form* in which it was constructed during the patent." *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 120 (1938) (emphasis added; quotation omitted). The Court reaffirmed that right in *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 230 (1964) (emphasis added): "when the patent expires the monopoly created by it expires, too, and the right to make the article—*including the right to make it in*

precisely the shape it carried when patented—passes to the public." And the Court has "held that the patentee may not * * * secure, *to any extent*, a continuation of his monopoly by resorting to the trademark law." *Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U.S. 249, 256 (1945) (emphasis added). *See id.* ("any attempted * * * continuation in the patentee * * * of the patent monopoly, after the patent expires, *whatever the legal device employed*, runs counter to the policy and purpose of the patent law") (emphasis added).

Respondent argues that these cases are distinguishable and, more particularly, that the right to copy that this Court has taken such pains to protect extends "only" as far as "federal statutory" law permits it. Opp. at 4. The plaintiff in *Vornado* made essentially the same argument, but to no avail. *See* 58 F.3d at 1505. While the Tenth Circuit observed that it is possible "to identify distinctions" with this Court's right to copy decisions—including that the decisions do not directly address the conflict between patent law and "federal unfair competition law under section 43(a) of the Lanham Act"—the court of appeals refused "to ignore the clear and continuing trend [these decisions] collectively manifest in favor of the public's right to copy." *Id.* at 1505.

In addressing an analogous effort "to distinguish the entire line of Supreme Court authority articulating a constitutional policy favoring a right to copy," Judge Cudahy was even more emphatic:

> I do not agree that one hundred years of [constitutional] policy can be ignored merely because the Lanham Act may differ somewhat from the state laws considered by the Court. The *conflict* posed by these state laws and the Lanham Act remains the same: whether trademark can be used as a backdoor to protection properly acquired by * * * patent. [*Kohler Co.* v. *Moen, Inc.*, 12 F.3d 632, 647 n.3 (7th Cir. 1993) (dissenting) (emphasis in original).]

There is a basic reason, moreover, why this entire line of decisions may not simply be tossed aside on the ground that these cases typically involved conflicts with state law: the right to copy is not just "essential to the successful long-term operation of a free and competitive economy," it is "constitutionally grounded" in the "'limited Times' provision of the Patent Clause." *Id.* at 651; *see id.* at 647 ("As the Supreme Court cases demonstrate, the constitutional right to copy after a patent expires * * * is the reciprocal of the constitutional right to prohibit copying for a limited term under the Patent Clause."); Pet. at 24-25. Thus, even if it wanted to, "Congress may not create patent monopolies of unlimited duration," *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989)—and, it follows, courts may not interpret federal statutes to have that effect either.

Respondent suggests that "the Sixth Circuit decision does not improperly extend MDI's patent rights or interfere with the public's right to copy, because MDI is not seeking trade dress protection for the product features which were the subject matter of its expired patents." Opp. at 11. But here again, respondent asks this Court to ignore reality. In the *Winn-Proof* litigation, respondent invoked its patent monopoly to enjoin the sale of the "virtually identical" sign stand manufactured by petitioner, successfully arguing that the claims in the now expired patents covered that product. Pet. App. at 49a. The decision below invokes federal trade dress law to achieve the same result—effectively extending respondent's patent monopoly *ad infinitum*, in direct conflict with "almost 100 years" of decisions from this Court upholding the right to copy against analogous interpretations of unfair competition laws. *Bonito Boats*, 489 U.S. at 165.

4. Even respondent does not dispute the overriding importance of the question presented. Economically, the issue is of vital importance. *See Bonito Boats*, 489 U.S. at 146 ("[I]mitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a

competitive economy."). Doctrinally, the issue is unquestionably important, as reflected by the extensive commentary it has attracted. *See* Pet. at 18 n.9, 28 n.15. And practically, trade dress litigation over product configurations that are the subject of expired patents is "becoming more common," and will only "increase" with the expansion of trade dress. Mohr, *supra*, at 345 & n.17; *see* Pet. at 2-3 n.1. The cases to which respondent points (Opp. at 4) in which this Court has denied certiorari only underscore that the issue is recurring. The conflict and confusion over this important issue, in other words, is not going away. It is only worsening.

* * * *

For the foregoing reasons, and those in the petition, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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